LATIVE DEPTT. AND DEPTT. OF JUSTICE (SHRI RAMAKANT D. KHALAP): (a) and (b) Government is aware of the problem and is considering various measures to discourage non-serious candidates from contesting elections. These, among others, include: increase in the security deposit; increase in the minimum percentage of votes required to be polled to save forfeiture of security deposits; and listing of names in the ballot paper of candidates of recognised political parties above the names of independent candidates etc.

Instructions to promote lending by banks in Rural Areas of Gujarat

*88. SHRI RAJUBHAI A. PARMAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government/RBI have asked the banks to promote lending in the rural areas of Gujarat;

(b) if so, the details of the instructions issued to the banks;

(c) whether instructions have also been issued to stop flow of funds from the rural areas to the urban areas through the banking system; and

(d) if so, the details thereof?

THE MINISTER OF FINANCE AND THE MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBRAM): (a) and (b) Government/Reserve Bank of India (RBI) have given general instructions to promote lending in rural areas which naturally apply to Gujarat. As per extant RBI guidelines, 40 per cent of the net-bank credit outstandings of all commercial banks (excluding foreign banks) is to be directed towards the priority sector. Out of this 40 per cent, atleast 18 per cent is required to be directed towards agriculture. Further, poverty alleviation programme like Integrated Rural Development Programme are also directed towards rural areas. Several other measures taken to facilitate flow of credit to rural areas are at statement (*see* below)

(c) and (d) Banks have been advised by RBI to ensure a Credit-Deposit Ratio of 60 per cent on an all-India basis for rural and semi-urban areas separately and this advice is meant to ensure development of rural savings in rural areas.

Statement

Measures taken to strengthen and streamline the rural credit system in the banks

1. Banks' advances to priority sector, which includes agriculture, village and cottage industries, artisans, small scale industries, transport operators, retail trade, etc. should be at least 40 per cent of their net bank credit;

2. Their advances to Agriculture should be at least 18 per cent of their net bank credit (within the overall target of 40 per cent);

3. Their advances to weaker sections (i.e. small and marginal farmers, SC/ST, Integrated rural Development Programme (IRDP) beneficiaries, Differential Rate of Interest (DRI) beneficiaries, etc.) should be at least in 10 per cent of their net bank credit (within the overall target of 40 per cent);

4. They are required to dispose off loan applications upto Rs. 25,000/- within a fortnight and those over Rs. 25,000/- within 8 to 9 weeks;

5. They are advised to delegate appropriate sanctioning powers to the rural branch managers so that majority of loan applications from weaker sections are sanctioned at branch level itself.

6. Simplified norms for taking collateral security by way of mortgage of loan/charge on land of third party guarantee have been made applicable.

7. No margin is required for agricultural loans upto Rs. 10,000/- for short term, medium/long term.